



14 August 2019

Australian Energy Market Commission
Level 6, 201 Elizabeth Street
Sydney NSW 2000

By lodgement: ERC0270

Re: Improving transparency and extending duration of MT PASA

I refer to your consultation paper regarding a rule change which seeks to improve transparency and extend duration of the medium-term projected assessment of system adequacy (MT PASA).

1st Energy is a non-integrated, second-tier electricity retailer for residential and SME customers. Founded in April 2015, 1st Energy operates throughout the eastern states of Australia including New South Wales, Queensland, Tasmania and Victoria.

1st Energy provides its support to the proposed rule change. As a non-vertically integrated small retailer, transparency of market information plays an important role in allowing 1st Energy to assess the future market and manage our position in the market. The easier it is for us to access and interpret this information, the better placed we are to compete effectively in the market.

We agree with ERM Power's argument about the information asymmetry between large 'gentailers' and smaller players on generator availability. Considering, generators already provide availability on a dispatch unit identification (DUID) level, we do not perceive any drawbacks to this information being published at a DUID level. Having access to this information would help to level the playing field for small players in the market, where we currently face a significant and competitive disadvantage.

With the Retailer Reliability Obligation now in place and the potential for large penalties, if we do not have sufficient contracts, we believe the proposed extension of the current MT PASA to three years would be a positive step. It would assist us and other participants to assess the likelihood of a gap period eventuating. We do not believe that the increased overlap with the Electricity Statement of Opportunities (ESOO) would have any negative impact. If anything, it would assist us to manage our market positions following the declaration of a T-3 period. Without the extension of the MT PASA we would face a greater challenge in assessing the risks between the declaration of a T-3 gap period and the start of the existing two-year MT PASA period. The additional 12 months of data in the MT PASA would greatly contribute to us being able to continue to compete for retail customers over this period.

Furthermore, we support the call for more frequent demand updates in the MT PASA. It is incongruous that generator availability is updated weekly in the MT PASA but expectations of demand change only once per year. It seems reasonable that demand forecasting is updated on a more regular basis based on up-to-date seasonal weather forecasts.

In summary, 1st Energy believes that the transparency this rule change would provide, will help improve competition by levelling the playing field of information available in the market. It should help reduce the difference between what we can see and what the bigger players know is happening in the market.

1st Energy thanks the Australian Energy Market Commission for the opportunity to provide a submission. For any queries regarding this response, please contact Aneta Graham, Head of Regulatory and Compliance, aneta.graham@1stenergy.com.au 03 7001 3724.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'AG', with a long horizontal stroke extending to the right.

Aneta Graham
Head of Regulatory and Compliance
1st Energy Pty Ltd